

Pennybridge Limited

Report and Financial Statements

15 months ended

31 March 2009

Company number 5404942

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Pennybridge Limited
Report and financial statements
for the 15 months ended 31 March 2009

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Directors

J C Kay
M L Widders

Secretary and registered office

M L Widders, Number One, the Bee Hive, Shadsworth Business Park, Blackburn, BB1 2QS

Company number

5404942

Auditors

BDO LLP, 3 Hardman Street, Spinningfields, Manchester, M3 3AT

Pennybridge Limited

Report of the directors for the 15 months ended 31 March 2009

The directors present their report together with the audited financial statements for the 15 months ended 31 March 2009.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the 15 month period.

Principal activities, trading review and future developments

The principal activity of the group is the design and distribution of home furnishings.

Review of the business and future developments

Trading during 2008/09 has shown steady progress over 2007, with reduced losses, but has still been challenging in the light of continued difficult market conditions. Further measures have been taken to reduce costs and this continues to be a focus for 2009/10, along with maintaining and increasing sales and focusing on profitable lines of business.

Principal risks and uncertainties

The principal uncertainty associated with the business is the level of sales and gross margins achieved.

The directors monitor performance through the production of a detailed annual budget, then comparing performance against this budget. This will be revisited throughout the year to identify deviations and enable remedial actions to be identified if necessary.

Key performance indicators

Additionally the directors monitor key performance indicators to ensure they are within acceptable parameters, these include:

- Sales volumes and average sales prices per roll
- Gross profit percentage by product and customer
- Levels of spend on distribution and administration costs
- Cash generated from operating activities

Charitable and political contributions

During the period the group made charitable contributions of £3,725 (2007 - £2,986). There were no political contributions.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Pennybridge Limited

Report of the directors for the 15 months ended 31 March 2009 (Continued)

Employee involvement

The group places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees. This is achieved through formal and informal meetings. Employees' representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Policy and practice on the payment of creditors

The group has a policy of determining terms of payment with its suppliers when agreeing the terms of transactions and of ensuring suppliers are made aware of them.

The number of average days purchases of the group represented by trade creditors at 31 March 2009 was 38 (2007- 24).

Directors

The directors of the company during the period were:

J C Kay
M L Widders

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company or its immediate and ultimate parent undertaking.

According to the register of directors' interest, no rights to subscribe for shares in or debentures of the company or its immediate and ultimate parent undertaking were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Directors' responsibilities

The directors are responsible for preparing the report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pennybridge Limited

Report of the directors for the 15 months ended 31 March 2009 (Continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



**M L Widders
Secretary**

Date 27 January 2010

Pennybridge Limited

Report of the independent auditors

To the shareholders of Pennybridge Limited

We have audited the financial statements of Pennybridge Limited for the 15 months ended 31 March 2009 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Pennybridge Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and company's affairs as at 31 March 2009 and of its loss for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



BDO LLP
*Chartered Accountants
and Registered Auditors*
Manchester
United Kingdom

Date

28 January 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Pennybridge Limited

Consolidated profit and loss account for the 15 months ended 31 March 2009

	Note	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
Turnover	2	11,142	13,649
Cost of sales		(8,223)	(10,060)
Gross profit		2,919	3,589
Distribution costs		(1,650)	(2,295)
Administrative expenses		(2,792)	(3,675)
Group operating loss	3	(1,523)	(2,381)
Interest payable and similar charges	6	(417)	(720)
Loss on ordinary activities before and after taxation for the financial period/year		(1,940)	(3,101)

All amounts relate to continuing activities.

All recognised gains and losses in the current period and prior year are included in the profit and loss account.

The notes on pages 10 to 22 form part of these financial statements.

Pennybridge Limited

Consolidated balance sheet at 31 March 2009

	Note	31 March 2009 £'000	31 March 2009 £'000	31 December 2007 £'000	31 December 2007 £'000
Fixed assets					
Intangible assets	9		780		846
Tangible assets	10		581		714
			<u>1,361</u>		<u>1,560</u>
Current assets					
Stocks	12	1,401		2,549	
Debtors	13	1,688		2,862	
Cash at bank and in hand		2		95	
		<u>3,091</u>		<u>5,506</u>	
Creditors: amounts falling due within one year	14	6,969		8,429	
		<u></u>		<u></u>	
Net current liabilities			<u>(3,878)</u>		<u>(2,923)</u>
Total assets less current liabilities			<u>(2,517)</u>		<u>(1,363)</u>
Creditors: amounts falling due after more than one year					
Preference shares	15	(9,300)		(5,000)	
Other	15	-		(4,300)	
		<u></u>	<u>(9,300)</u>	<u></u>	<u>(9,300)</u>
			<u>(11,817)</u>		<u>(10,663)</u>
Capital and reserves					
Profit and loss account	18		<u>(11,817)</u>		<u>(10,663)</u>
Shareholders' funds	19		<u>(11,817)</u>		<u>(10,663)</u>

The financial statements were approved by the board of directors and authorised for issue on 27 January 2010



M L Widders
Director

The notes on pages 10 to 22 form part of these financial statements.

Pennybridge Limited

Company balance sheet at 31 March 2009

<i>Company number 5404942</i>	Note	31 March 2009 £'000	31 December 2007 £'000
Fixed assets			
Fixed asset investment	11	-	-
		<u>-</u>	<u>-</u>
Current assets			
Total assets less current liabilities		-	-
		<u>-</u>	<u>-</u>
Capital and reserves			
Shareholders' funds	19	-	-
		<u>-</u>	<u>-</u>

The financial statements were approved by the board of directors and authorised for issue on 27 January 2010



M L Widders
Director

The notes on pages 10 to 22 form part of these financial statements.

Pennybridge Limited

Consolidated cash flow statement for the 15 months ended 31 March 2009

	Note	15 months ended 31 March 2009 £'000	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000	12 months ended 31 December 2007 £'000
Net cash inflow/(outflow) from operating activities	23		732		(257)
Returns on investments and servicing of finance					
Interest paid		(417)		(414)	
Interest paid hire purchase		-		(6)	
Net cash outflow from returns on investments and serving of finance			(417)		(420)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(41)		(13)	
Payments to acquire intangible fixed assets		-		(50)	
Net cash outflow from capital expenditure and financial investment			(41)		(63)
Net cash outflow from acquisitions and disposals			-		-
Cash outflow before financing			274		(740)
Financing					
Capital element of finance leases repaid			-		(323)
Advance of loan from related undertaking			-		1,500
Increase in cash	24		274		437

The notes on pages 10 to 22 form part of these financial statements.

Pennybridge Limited

Notes forming part of the financial statements for the 15 months ended 31 March 2009

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Going concern

At 31 March 2009, the group had net liabilities of £11.8m (31 December 2007: £10.7m) and had made a loss in the period of £1.9m (year ended 31 December 2007: £3.1m). The banking facilities of the Group's main trading company (CWV Limited) formally expired on 2 July 2009 and negotiations for new facilities are ongoing at the date of approval of these financial statements. The directors are confident that new facilities will be made available at current levels. In making their assessment of the appropriateness of the Going Concern basis the Directors have prepared forecasts for a period of 12 months from the date of approval of these financial statements which show continued improvement in the company's trading performance. Based on these forecasts, the Directors are of the opinion that it is appropriate to prepare the accounts on a going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the results of Pennybridge Limited and all of its subsidiary undertakings as at 31 March 2009 using the merger method of accounting following a group reconstruction.

The investments in the subsidiary undertakings are recorded in the Company's balance sheet at the nominal value of the shares issued.

In the consolidated financial statements, the merged subsidiary undertakings are treated as if they had always been members of the Group. The financial statements reflect the position that would have arisen as if the Company and the subsidiary undertakings had been combined throughout the relevant periods.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Plant, machinery and motor vehicles - 3 – 25 years

Intangible assets

Purchase intangible fixed assets are capitalised within fixed assets at cost and are amortised evenly over their expected useful lives. It is calculated at the following rate.

Intellectual property licenses - 20 years

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Pennybridge Limited

Notes forming part of the financial statements for the 15 months ended 31 March 2009 (*Continued*)

1 Accounting policies (*Continued*)

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Significant estimating techniques are used by the directors in the valuation of net realisable value.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Dividends on shares wholly recognised as liabilities are recognised as expenses and classified within interest payable.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet dates.

Pennybridge Limited

Notes forming part of the financial statements for the 15 months ended 31 March 2009 (*Continued*)

1 Accounting policies (*Continued*)

Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Related party disclosure

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8, 'Related party disclosures', not to disclose transactions with members or investees of the group headed by Pennybridge Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

2 Turnover

	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
Analysis by geographical market		
United Kingdom	9,762	11,779
North America	169	419
Rest of the world	1,211	1,451
	<u>11,142</u>	<u>13,649</u>

Turnover is wholly attributable to the principal activity of the group and originated wholly in the United Kingdom.

Pennybridge Limited

Notes forming part of the financial statements
for the 15 months ended 31 March 2009 (Continued)

3 Operating loss

	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
This is arrived at after charging/(crediting)		
Depreciation of tangible fixed assets	174	156
Loss on disposal of fixed assets	-	163
Impairment of tangible fixed assets	-	259
Amortisation of other intangible fixed assets	66	50
Hire of plant and machinery – operating leases	72	74
Auditors' remuneration		
Group – audit services	18	12
Group – non audit services	-	-
Exchange differences	7	25
	<u> </u>	<u> </u>

Included in the group audit fee is an amount of £nil (2007 - £nil) in respect of the company.

4 Employees

	Group 15 months ended 31 March 2009 £'000	Group 12 months ended 31 December 2007 £'000	Company 15 months ended 31 March 2009 £'000	Company 12 months ended 31 December 2007 £'000
Staff costs (including directors) consist of:				
Wages and salaries	1,430	1,333	-	-
Social security costs	152	141	-	-
Other pension costs	63	59	-	-
	<u>1,645</u>	<u>1,533</u>	<u>-</u>	<u>-</u>

The average number of employees (including directors) during the 15 month period were as follows:

	Group 15 months ended 31 March 2009 Number	Group 12 months ended 31 December 2007 Number	Company 15 months ended 31 March 2009 Number	Company 12 months ended 31 December 2007 Number
Distribution	-	1	-	-
Sales	9	11	-	-
Administration	23	29	-	-
Production	5	4	-	-
	<u>37</u>	<u>45</u>	<u>-</u>	<u>-</u>

Pennybridge Limited

Notes forming part of the financial statements for the 15 months ended 31 March 2009 (*Continued*)

5 Directors' remuneration

	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
Emoluments	144	112
Company contributions to money purchase pension schemes	11	8
	<u>155</u>	<u>120</u>

There was 1 director in the Group's defined contribution pension scheme during the period (2007 – 1).

6 Interest payable and similar charges

	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
Bank loans and overdrafts	417	414
Finance leases and hire purchase contracts	-	6
Preference share dividends	-	300
	<u>417</u>	<u>720</u>

7 Taxation on loss on ordinary activities

	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
<i>UK corporation tax</i>		
Current tax on loss for the period/year	-	-
	<u>-</u>	<u>-</u>

Pennybridge Limited

Notes forming part of the financial statements for the 15 months ended 31 March 2009 (*Continued*)

7 Taxation on loss on ordinary activities (*Continued*)

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
Loss on ordinary activities before tax	(1,940)	(3,101)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28.4% (2007 – 30%)	(551)	(930)
Effect of		
Expenses not deductible for tax purposes	4	75
Depreciation in excess of capital allowances	16	131
Group relief surrendered before payment	534	724
Short term timing differences	(3)	-
	<u>-</u>	<u>-</u>

8 Profit for the financial period/year

The company has taken advantage of the exemption allowed under Section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the 15 month period includes a loss after tax of £nil (year ended 31 December 2007 - £nil) which is dealt with in the financial statements of the parent company.

Pennybridge Limited

Notes forming part of the financial statements
for the 15 months ended 31 March 2009 (*Continued*)

9 Intangible assets

	Intellectual property licenses £'000
Group	
<i>Cost</i>	
At 1 January 2008	996
Additions	-
	<hr/>
At 31 March 2009	996
	<hr/>
<i>Amortisation</i>	
At 1 January 2008	150
Provided for the period	66
	<hr/>
At 31 March 2009	216
	<hr/>
<i>Net book value</i>	
At 31 March 2009	780
	<hr/>
At 31 December 2007	846
	<hr/>

10 Tangible assets

	Plant and machinery £'000
Group	
<i>Cost</i>	
At 1 January	1,407
Additions	41
Disposals	(112)
	<hr/>
At 31 March 2009	1,336
	<hr/>
<i>Depreciation</i>	
At 1 January 2008	693
Provided for the period	174
Disposals	(112)
	<hr/>
At 31 March 2009	755
	<hr/>
<i>Net book value</i>	
At 31 March 2009	581
	<hr/>
At 31 December 2007	714
	<hr/>

Pennybridge Limited

Notes forming part of the financial statements
for the 15 months ended 31 March 2009 (*Continued*)

11 Fixed asset investments

Company	Group undertakings £'000
---------	-----------------------------

Cost

At 1 January 2008 and 31 March 2009

-

Subsidiary undertakings

The principal undertakings in which the Group's interest at the year end is 20% or more as follows:

	Country of Incorporation Or registration	Class of share capital held	Proportion of share capital held	Nature of business
CWV Limited	England and Wales	Ordinary	100%	Design and distribution of home furnishings
CWV Group LLC	United States	Ordinary	100%	*Dormant
Crown Wallpapers Limited	England and Wales	Ordinary	100%	*Dormant
CWVA Limited	England and Wales	Ordinary	100%	*Dormant
John Wilman Ltd	England and Wales	Ordinary	100%	*Dormant

The results of all of the above undertakings are included in the consolidated accounts.

* Interest held by subsidiary undertaking.

12 Stocks

	Group 31 March 2009 £'000	Group 31 December 2007 £'000	Company 31 March 2009 £'000	Company 31 December 2007 £'000
Finished goods and goods for resale	1,401	2,549	-	-

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	Group 31 March 2009 £'000	Group 31 December 2007 £'000	Company 31 March 2009 £'000	Company 31 December 2007 £'000
Trade debtors	1,578	2,752	-	-
Prepayments and accrued income	110	110	-	-
	1,688	2,862	-	-

All amounts shown under debtors fall due for payment within one year.

Pennybridge Limited

Notes forming part of the financial statements
for the 15 months ended 31 March 2009 (*Continued*)

14 Creditors: amounts falling due within one year

	Group 31 March 2009 £'000	Group 31 December 2007 £'000	Company 31 March 2009 £'000	Company 31 December 2007 £'000
Bank overdraft (secured)	5,934	6,301	-	-
Trade creditors	628	551	-	-
Taxation and social security	53	45	-	-
Other creditors	354	1,532	-	-
	<u>6,969</u>	<u>8,429</u>	<u>-</u>	<u>-</u>

The bank overdraft is secured by way of a fixed and floating charge over the assets of the group.

15 Creditors: amounts falling due after more than one year

	Group 31 March 2009 £'000	Group 31 December 2007 £'000	Company 31 March 2009 £'000	Company 31 December 2007 £'000
Preference shares (note 17)	9,300	5,000	-	-
Other:				
Amounts owed to related undertakings	-	4,300	-	-
	<u>-</u>	<u>4,300</u>	<u>-</u>	<u>-</u>

Maturity of debt

Group	Loans and Overdrafts 31 March 2009 £'000	Loans and Overdrafts 31 December 2007 £'000
In one year or less, or on demand	5,934	6,301
In more than one year but no more than five years	9,300	9,300

Pennybridge Limited

Notes forming part of the financial statements
for the 15 months ended 31 March 2009 (*Continued*)

16 Provisions for liabilities

Group and Company

Deferred taxation

There is no provision for deferred taxation. The amounts not provided are set out below:

	31 March 2009 £'000	31 December 2007 £'000
Accelerated capital allowances	65	86
Sundry timing differences	(12)	(16)
	<u>53</u>	<u>70</u>
Unutilised tax losses	(702)	(752)
	<u>(649)</u>	<u>(682)</u>

A deferred tax asset has not been recognised in accordance with generally accepted practice as it is not considered appropriate to recognise an asset.

17 Share capital

	Authorised		Allotted, called up and fully paid	
	31 March 2009 £	31 December 2007 £	31 March 2009 £	31 December 2007 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1</u>	<u>1</u>
Redeemable preference shares of £1 each	<u>9,300,000</u>	<u>5,000,000</u>	<u>9,300,000</u>	<u>5,000,000</u>
Total	<u>9,301,000</u>	<u>5,001,000</u>	<u>9,300,001</u>	<u>5,000,001</u>

In accordance with FRS25, 'Financial instruments, disclosures and presentation' the preference shares represent liabilities and are included within creditors.

The preference shares are redeemable at the earlier of a sale, listing or the administration or liquidation of the company or 1 April 2012. They carry a fixed cumulative dividend of 6% per annum, which under FRS25, is included in the profit and loss account as interest. During the 15 month period Guild Ventures waived all fixed cumulative dividends which had accrued up to 31 March 2009. This includes £786,000 which had accumulated up to 31 December 2007 which had previously been held within group other creditors, and £412,849 which would have accrued during the 15 months ended 31 March 2009.

Pennybridge Limited

Notes forming part of the financial statements
for the 15 months ended 31 March 2009 (*Continued*)

18 Reserves

Group	Profit and loss account £'000
At 1 January 2008	(10,663)
Loss for the period	(1,940)
Waiver of parent company cumulative preference share dividend (note 17)	786
	<hr/>
At 31 March 2009	(11,817)
	<hr/>

19 Reconciliation of movements in shareholders' funds

	Group 31 March 2009 £'000	Group 31 December 2007 £'000	Company 31 March 2009 £'000	Company 31 December 2007 £'000
Loss for the period	(1,940)	(3,101)	-	-
Waiver of parent company cumulative preference share dividend (note 17)	786	-	-	-
Opening shareholders' funds	(10,663)	(7,562)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	(11,817)	(10,663)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

20 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £63,000 (2007 - £59,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

21 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below.

	31 March 2009 £'000	31 December 2007 £'000
Operating leases which expire		
Within one year	43	45
In two to five years	70	46
	<hr/>	<hr/>
	113	91
	<hr/>	<hr/>

Pennybridge Limited

Notes forming part of the financial statements for the 15 months ended 31 March 2009 (*Continued*)

22 Related party disclosures

Related party transactions and balances

At 31 March 2009 a loan of £nil (2007 - £4,300,000) was due to Guild Ventures Limited. The loan is interest free and whilst no fixed repayment period has been agreed, is repayable after more than one year. During the period the loan was repaid (see note 15) and an additional £4,300,000 preference shares have been issued to Guild Ventures taking the total to £9,300,000 (see note 17).

During the 15 month period Guild Ventures waived all fixed cumulative dividends which had accrued up to 31 March 2009 on the preference shares. This includes £786,000 which had accumulated up to 31 December 2007, previously been held within other creditors, and £412,849 which would have accrued during the 15 months ended 31 March 2009.

During the period the company paid rent of £122,000 (2007 - £159,000) to Northern Trust Company Limited.

The ultimate holding company of Northern Trust Company Limited and Guild Ventures Limited is Wordon Limited, being the same as that of the company.

23 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
Operating loss	(1,523)	(2,381)
Amortisation of intangible fixed assets	66	50
Depreciation of tangible fixed assets	174	156
Impairment of fixed assets	-	259
Loss on disposal of fixed assets	-	163
Decrease in stocks	1,148	895
Decrease in debtors	1,174	1,704
Increase/(decrease) in creditors	(307)	(1,103)
Net cash inflow/(outflow) from operating activities	732	(257)

Pennybridge Limited

Notes forming part of the financial statements
for the 15 months ended 31 March 2009 (*Continued*)

24 Reconciliation of net cash flow to movement in net debt

	15 months ended 31 March 2009 £'000	12 months ended 31 December 2007 £'000
Increase in cash	274	437
Cash inflow/(outflow) from changes in debt	-	(1,177)
Movement in net debt resulting from cash flows	274	(740)
Opening net debt	(15,506)	(14,766)
Closing net debt	(15,232)	(15,506)

25 Analysis of net debt

	At 1 January 2008 £'000	Cash flow £'000	At 31 March 2009 £'000
Cash at bank and in hand	95	(93)	2
Bank overdraft	(6,301)	367	(5,934)
	(6,206)	274	(5,932)
Debt due after one year	(9,300)	-	(9,300)
	(9,300)	-	(9,300)
Total	(15,506)	274	(15,232)

26 Ultimate parent company and parent undertaking of larger group

At 31 March 2009, the company's ultimate controlling party is Wordon Limited, a company incorporated in the Isle of Man and wholly owned by the family interests of Mr TJ Hemmings. Wordon Limited does not prepare consolidated accounts.